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Barriers to U.S.-European Agricultural Trade

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June 16, 1999

Cornhusker Economics

Cooperative Extension

Institute of Agriculture & Natural Resources
Department of Agricultural Economics
University of Nebraska – Lincoln

Barriers to U.S.-European Agricultural Trade

Market Report	Yr Ago	4 Wks Ago	6/11/99
Livestock and Products,			
Average Prices for Week Ending			
Slaughter Steers SE/CH 65-80%, Weighted Avg. for Nebraska Feedlots	$64.00	$64.00	$66.02
Feeder Steers, Med. Frame, 600-650 lb Dodge City, KS, cwt	80.06	77.10	80.86
Feeder Steers, Med. Frame 600-650 lb, Nebraska Auction Wght. Avg	*	81.48	88.00
Carcass Price, Ch. 1-3, 550-700 lb Cent. US, Equiv. Index Value, cwt	95.43	100.33	103.69
Hogs, US 1-2, 220-230 lb Omaha, cwt	42.85	37.75	33.50
Feeder Pigs, US 1-2, 40-45 lb Sioux Falls, SD, hd	*	35.00	31.50
Vacuum Packed Pork Loins, Wholesale, 13-19 lb, 1/4" Trim, Cent. US, cwt	113.80	116.35	102.50
Slaughter Lambs, Ch. & Pr., 115-125 lb Sioux Falls, SD, cwt	104.63	87.14	84.50
Carcass Lambs, Ch. & Pr., 1-4, 55-65 lb FOB Midwest, cwt	190.00	183.75	181.50
Crops,			
Cash Truck Prices for Date Shown			
Wheat, No. 1, H.W. Omaha, bu	3.05	2.77	2.94
Corn, No. 2, Yellow Omaha, bu	2.23	1.98	1.92
Soybeans, No. 1, Yellow Omaha, bu	6.20	4.40	4.43
Grain Sorghum, No. 2, Yellow Kansas City, cwt	3.90	3.39	3.28
Oats, No. 2, Heavy Sioux City, IA, bu	*	1.31	1.30
Hay,			
First Day of Week Pile Prices			
Alfalfa, Sm. Square, RFV 150 or better Platte Valley, ton	*	100.00	*
Alfalfa, Lg. Round, Good Northeast Nebraska, ton	50.00	*	*
Prairie, Sm. Square, Good Northeast Nebraska, ton	80.00	55.00	55.00

* No market.

First and without question, the U.S. and the EU share an abiding interest and concern over food safety, although their concerns often manifest themselves differently. The beef sector of the EU food industry is just now beginning to recover from the devastating effects of the scare over "Mad Cow" disease, a scare that reduced European beef consumption by more than 50%, and led retailers to literally give beef away to get rid of it. In the U.S., a succession of e-coli scares have resulted in massive recalls of ground beef and fruit

Serious threats to continuation of good trade relations between the U.S. and the European Union (EU) have arisen recently affecting both plant and animal products. The ostensible justification for European import bans on U.S. beef is based largely on the use of hormones and growth stimulants by U.S. cattle producers, a practice that is not permitted in Europe. Threats to the export of grain and oil seed products as well as the seeds themselves are related to European reluctance to introduce genetically modified organisms (GMOs) in the food supply. A cynical view of the existence of trade barriers is that they have been erected largely as a means of insulating European farmers from world competition. A more complete examination of the issues at stake, however, reveals a more complex set of differences and problems.

Having recently returned from France with a group of UN-L students, we were struck by both similarities and differences in U.S. - EU attitudes toward food, food safety and the relationships of science, government, corporate interests in the food production and distribution process.

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juice, and listeria and other safety concerns have caused similar recalls of other food products. Currently, major concern is being expressed by Belgium over dioxin contamination of poultry, eggs, pork and beef, resulting in a near ban on all transport or sale of Belgian animal products. The U.S. had a similar scare more than 20 years ago with dioxin contamination of milk from Michigan cows fed tainted feed. The French cheese industry was recently devastated by the outbreak of listeriosis stemming from the listeria organism found in Epoisses cheese made from unpasteurized milk.

While our concern for food safety is similar, our attitudes toward solutions are often quite different. The e-coli scare in the U.S. did not cause nearly as great a panic among consumers as "Mad Cow"disease caused in Europe, despite the much more direct and certain linkage between groundbeef and e-coli food poisoning than between consumption of European beef and certain neurological conditions. Consumers in the U.S. seem more trusting that science and technology can and will solve food safety problems. Europeans, on the other hand are much more suspicious of scientists, scientific evidence and the ability of science and technology to solve problems. They often perceive science and scientists as tools of corporate interests rather than working for the public good. At the same time, Europeans frequently see the solution to food safety issues in terms of "natural" foods rather than as a result of technological or scientific development. While "natural" or "organic" foods occupy a small niche of the U.S. food industry, they are a major part of the food industry of the EU. These differences perhaps explain why Europeans buy poultry with the heads and feet still attached (evidence of freshness) and consume large quantities of cheese made from unpasteurized milk, but refuse meat raised with the use of growth stimulants and grain from genetically modified plant organisms. It may also explain why U.S. consumers appear to have little concern about genetically modified crops and animals, buy poultry of unknown origin or identity in cryogenic packages as hard as a rock, are not particularly concerned by radiation treatment of plants and animal products to kill bacteria, but think that cheese with mold on its should be thrown out, and can not conceive of consuming unpasteurized dairy or fruit juice products.

Perhaps related to Europeans concern about technology as a solution food production and safety problems, is European suspicion of corporate involvement in food and agriculture. While roughly half of U.S. soybeans and one third of U.S. corn is grown with genetically modified seeds, the largest U.S. purveyor, Monsanto Co. is known in Europe among its detractors as the "Frankenstein food giant." Substantial majorities of EU consumers surveyed reveal negative attitudes toward genetically modified crops and the companies that promote them. These attitudes appear to have increased recently despite massive scientific evidence that such products are safe and costly corporate education and publicity campaigns designed to promote them.

It is clear that the trade tensions between the U.S. and the EU are much more complicated than mere protectionism. While the myriad of European concerns over food safety may be a convenient tool for those with protectionist tendencies, real differences in tastes, preferences and attitudes exist between us. If the U.S. food industry hopes to make meaningful strides in reducing these barriers, real attempts to recognize, accept and address these differences are needed. Browbeating the EU in various international trade organizations and threats of reciprocal trade restrictions are unlikely to be very successful.

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Farm and Ranch Management